



PRESS RELEASE

FOR IMMEDIATE RELEASE
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6th GUILTY PLEA IN CORPORATE KICKBACK SCHEME

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona announced that earlier today, **MICHAEL RALPH HERNANDEZ** (12/1/57) of Gilbert, Arizona, pled guilty to Mail Fraud in federal district court in Phoenix, Arizona, for his part in a corporate purchasing kick-back scheme. **HERNANDEZ** had been indicted on ten counts of violating Title 18 of the United States Code, Section 1341, the Mail Fraud statute.

HERNANDEZ had been employed as the maintenance supervisor at Arch Chemical Inc.'s Chandler and Mesa production plants. He admitted during his plea hearing that he used his position to steer orders for supplies, equipment and services to suppliers with whom he had reached kick-back agreements. Under those agreements, the suppliers would submit either inflated invoices for products they supplied, or phony invoices for which no product was ever delivered, in response to **HERNANDEZ**'s orders. After **HERNANDEZ** certified to Arch that product had been received, Arch would issue payment checks to the suppliers, who then would pay **HERNANDEZ** his cut of the inflated or phony invoice revenues. **HERNANDEZ** admitted to having operated this scheme from as early as 1993 through October, 2000, when

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he was discharged from Arch. Under the terms of the plea agreement, the court can hold HERNANDEZ responsible for up to \$900,000 in losses that Arch suffered due to the fraud.

HERNANDEZ is the sixth defendant to plead guilty to charges of mail fraud in this matter. The five suppliers named in the indictment—Bradley S. Saltman, of Peoria, Arizona, who operated Roadrunner Industrial Technical Sales; Richard W. Wistar, of Phoenix, Arizona, who operated Chem-Co Products; Douglas Howard Goldstein, of Redwood City, California, who operated Global Lighting and Pacific Chemical; David Earl White, formerly of Glendale, Arizona, who operated several vendors, including Arizona Technical Sales, West Side Pipe and Supply, Desert Controls Products and Valley Industrial Supply; and Lee Ann Mattison, of Phoenix, who operated Carefree Specialty—all have previously entered into plea agreements and presently await sentencing in this matter.

A conviction for Mail Fraud carries a maximum penalty of 5 years, a \$250,000 fine over and above any amount of restitution ordered by the court, or both.

Sentencing is set before Judge Susan R. Bolton on March 31, 2003.

The investigation in this case was conducted by Inspector James H. Tendick of the United States Postal Inspection Service.

The prosecution is being handled by John J. Tuchi, Assistant United States Attorney, District of Arizona, Phoenix, Arizona.

CASE NUMBER: CR-01-1151-PHX-SRB
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